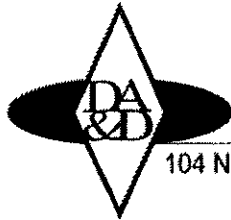


**GRANT COUNTY  
LIBRARY BOARD  
FINANCIAL STATEMENT  
FOR THE YEAR ENDED  
DECEMBER 31, 2017**

**GRANT COUNTY LIBRARY BOARD  
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For the Year Ended December 31, 2017**

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# Dirks, Anthony & Duncan, LLC

Certified Public Accountants & Management Consultants

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## INDEPENDENT AUDITOR'S REPORT

Library Board  
Grant County Library  
Ulysses, Kansas

We have audited the summary statement of receipts, expenditures, and unencumbered cash of the Grant County Library (the Library), as of and for the year ended December 31, 2017 and the related notes to the financial statement.

### Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide (KMAAG)*, as described in Note 1; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *KMAAG*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 to the financial statement, the financial statement is prepared by the Library to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the *KMAAG*, which is a basis of accounting other than accounting principles in the United States of America.

The effects of the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

**Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Library as of December 31, 2017, or changes in financial position and cash flows thereof for the year then ended.

**Unmodified Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the Library as of December 31, 2017, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *KMAAG* described in Note 1.

**Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, schedule of regulatory basis receipts and expenditures-agency funds (Schedules 1 and 2, as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *KMAAG*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

**Other Matter**

The 2016 Actual column presented in the individual fund schedules of regulatory basis receipts and expenditures-actual and budget (Schedule 2 listed in the table of contents) are also presented for comparative analysis and are not a required part of the 2016 basic financial statements upon which we rendered an unmodified opinion dated May 5, 2017. The 2016 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link <http://admin.ks.gov/offices/chief-financial-officer/municipal-services>. Such 2016 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2016 basic financial statement. The 2016 comparative information was subjected to the auditing procedures applied in the audit of the 2016 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2016 basic financial statement or to the 2016 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2016 comparative information is fairly stated in all material respects in relation to the 2016 basic financial statement as a whole, on the basis of accounting described in Note 1.



**DIRKS, ANTHONY & DUNCAN, LLC**  
Certified Public Accountants

June 21, 2018

GRANT COUNTY LIBRARY BOARD  
 Summary Statement of Receipts, Expenditures and Unencumbered Cash  
 Regulatory Basis  
 For the Year Ended December 31, 2017

Funds	Beginning			Ending	Add:	Ending
	Unencumbered			Unencumbered	Outstanding	
	<u>Cash Balance</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Cash Balance</u>	<u>Payable</u>	<u>Cash Balance</u>
General Fund	\$ 447,892	\$ 368,499	\$ 358,806	\$ 457,585	-	\$ 457,585
<u>Special Purpose Funds</u>						
Employee Benefits Fund	165,377	116,533	89,159	192,751	-	192,751
Building Fund	46,523	67	12,806	33,784	-	33,784
State Aid Fund	-	2,332	2,332	-	-	-
State, Federal & Other Grants Funds	336	-	336	-	-	-
Total Reporting Entity	<u>\$ 660,128</u>	<u>\$ 487,430</u>	<u>\$ 463,439</u>	<u>\$ 684,120</u>	<u>\$ -</u>	<u>\$ 684,120</u>

Composition of Cash:		Grant County Bank	
		Checking Account	\$ 313,770
		Building Fund	33,784
		Certificate of Deposits	269,500
		Western State Bank	
		Money Market Account	66,971
		Cash on Hand	95
		Total Reporting Entity	<u>\$ 684,120</u>

The notes to the financial statement are an integral part of this statement.

# GRANT COUNTY LIBRARY BOARD, KANSAS

## Notes to the Financial Statement

December 31, 2017

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Financial Reporting Entity

The Grant County Library is a municipality of the State of Kansas organized under K.S.A. 12-1219, with a five-member Board appointed by the Grant County Commissioners. The Library is a component unit of Grant County, Kansas, as determined under Government Accounting Standards Board (GASB) Standard No 14. The regulatory financial statement presents the Grant County Library (the Library) but does not include its related municipal entities. The related municipal entities are included in the Library's reporting entity because it was established to benefit the Library and/or its constituents.

1. Grant County Friends of the Library – The Friends of the Grant County Library (Friends) is a corporation organized and qualified for nonprofit status under Internal Revenue Code Section 501(c)3. Friends is a component unit because it exists to benefit the Library. Friends is administered by volunteer members and complete financial information can be obtained by contacting the Grant County Library at 215 E Grant St., Ulysses, Kansas.

#### Regulatory Basis Fund Types

*General Fund* - the chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

*Special Purpose Fund* - used to account for the proceeds of specific tax levies and other specific regulatory receipt sources (other than Capital Project and tax levies for long- term debt) that are intended for specified purposes.

#### Basis of Accounting

*Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America.* The Kansas Municipal Audit and Accounting Guide (KMAAG) regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The Library has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the Library to use the regulatory basis of accounting.

#### Budgetary Information

The Library does not levy taxes, and therefore, is not required to publish a legal operating budget. However, a budget is prepared and used for the purpose of administrative control.

### NOTE 2 – DEPOSITS AND INVESTMENTS

K.S.A. 9-1401 establishes the depositories which may be used by the Library. The statute requires banks eligible to hold the Library's funds have a main or branch bank in the county in which the Library is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The Library has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the Library's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants;

## GRANT COUNTY LIBRARY BOARD, KANSAS

### Notes to the Financial Statement

December 31, 2017

#### NOTE 2 – DEPOSITS AND INVESTMENTS, CONTINUED

repurchase agreements; and the Kansas Municipal Investment Pool. The Library has no investment policy that would further limit its investment choices.

*Concentration of Credit Risk.* State statutes place no limit on the amount the Library may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The Library's allocation of investments as of December 31, 2017 is as follows:

Investments	Percentage of Investments
Grant County Bank	90.5%
First National Bank	9.5%

*Custodial Credit Risk - Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the Library's deposits may not be returned to it. State statutes require the Library's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City or the Federal Home Loan Bank of Topeka except during designated "peak periods" when required coverage is 50%. The Library does not use designated "peak periods".

At December 31, 2017, the carrying amount of the Library's deposits, including certificates of deposit, was \$684,120 and the bank balance was \$706,204. The bank balance was held by two (2) banks resulting in a concentration of credit risk. Of the bank balance, \$500,000 was covered by federal depository insurance, and the rest was collateralized with securities held by the pledging financial institutions agents in the Library's name.

*Custodial Credit Risk - Investments.* For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the Library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured. The Library had no investments of this type at December 31, 2017.

#### NOTE 3 - OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

*Other Post Employment Benefits.* As provided by K.S.A. 12-5040, the Library allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the Library is subsidizing the retirees because each participant is charged a level premium regardless of age. However, the cost of this subsidy has not been quantified in this financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the Library makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured.

*Compensated Absences.* Vacation and sick leave is earned and credited according to a table in the employee policy handbook. Employees may accrue up to 60 days of sick leave. Sick leave is earned by computing the average hours worked per week divided by 5. The amount of unused sick leave at December 31, 2017 is \$2,971 in wages and \$225 in employee benefits. The amount of unused sick leave at December 31, 2016 is \$2,872 in wages and \$220 in employee benefits. Vacation pay not taken at year end is not carried over to the next year per the policy handbook.

#### NOTE 4 - DEFINED BENEFIT PENSION PLAN

##### General Information about the Pension Plan

*Plan Description.* The Library participates in the Kansas Public Employees Retirement System (KPERs), a cost-sharing, multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et. Seq. Kansas law

## GRANT COUNTY LIBRARY BOARD, KANSAS

### Notes to the Financial Statement

December 31, 2017

#### NOTE 4 - DEFINED BENEFIT PENSION PLAN, CONTINUED

establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at [www.kpers.org](http://www.kpers.org) or by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

*Contributions.* K.S.A. 74-4919 and K.S.A. 749,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or before July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contribution are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1 and KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate with a 0% moratorium until from the period of January 1, 2017 through September 30, 2017 for the Death and Disability Program) and the statutory contribution rate was 8.46% for the fiscal year ended December 31, 2017. Contributions to the pension plan from the Library were \$16,221 for the year ended December 31, 2017.

#### Net Pension Liability

At December 31, 2017, the Library's proportionate share of the collective net pension liability reported by KPERS was \$155,086. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016, which was rolled forward to June 30, 2017. The Library's proportion of the net pension liability was based on the ratio of the Library's contributions to KPERS, relative to the total employer and non-employer contribution of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

The complete actuarial valuation report including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publicly available on the website [www.kpers.org](http://www.kpers.org) or can be obtained as described above.

#### NOTE 7 - CONTINGENCIES

The Library, at times, receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass-through aid. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial statement of the Library at December 31, 2017.

#### NOTE 8 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

There were no other budget or cash law violation for the year ending December 31, 2017.

#### NOTE 9 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of this report. Management's evaluation concluded that there are no subsequent events that are required to be recognized or disclosed in this financial statement.



**GRANT COUNTY LIBRARY BOARD**

**REGULATORY-REQUIRED  
SUPPLEMENTARY INFORMATION**

GRANT COUNTY LIBRARY BOARD  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2017

Funds	Adopted Budget	Expenditures Chargeable to Current Year Budget	Variance Over (Under)
General Fund	\$ 378,552	\$ 358,806	\$ (19,746)
<u>Special Purpose Fund</u>			
Employee Benefits Fund	\$ 116,533	\$ 89,159	\$ (27,374)
Total Reporting Entity	<u>\$ 495,085</u>	<u>\$ 447,965</u>	<u>\$ (47,120)</u>

GRANT COUNTY LIBRARY BOARD  
General Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2017  
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2016)

		Current Year		Variance- Over (Under)
	Prior Year Actual	Actual	Budget	
Receipts				
Appropriations	\$ 376,903	\$ 351,273	\$ 351,273	\$ -
Librarian Collections/Miscellaneous	14,355	12,498	-	12,498
Interest on Idle Funds Invested	1,254	4,728	-	4,728
Total Receipts	<u>392,513</u>	<u>368,499</u>	<u>\$ 351,273</u>	<u>\$ 17,226</u>
Expenditures				
Salaries	204,038	204,913	208,410	(3,497)
Books	43,335	22,906	25,000	(2,094)
Periodicals	3,969	3,629	2,000	1,629
Supplies and Office Expense	14,371	14,273	15,000	(727)
Repairs and Maintenance	-	21,202	25,000	(3,798)
Utilities and Telephone	27,591	24,656	30,000	(5,344)
Equipment and Improvements	7,462	2,788	13,360	(10,572)
Insurance and Bonds	9,678	10,189	9,500	689
Miscellaneous/Audit	7,421	7,823	6,710	1,113
Travel and Continuing Education	181	361	500	(139)
Audio-Visual	14,288	12,993	10,000	2,993
Systems	31,746	33,073	33,073	-
Total Expenditures	<u>364,080</u>	<u>358,806</u>	<u>\$ 378,552</u>	<u>(19,746)</u>
Receipts Over (Under) Expenditures	28,432	9,693		<u>\$ 36,972</u>
Unencumbered Cash, January 1	<u>419,460</u>	<u>447,892</u>		
Unencumbered Cash, December 31	<u>\$ 447,892</u>	<u>\$ 457,585</u>		

GRANT COUNTY LIBRARY BOARD  
Employee Benefits Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2017  
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2016)

		Current Year		Variance- Over (Under)
	Prior Year Actual	Actual	Budget	
Receipts				
Appropriations	\$ 113,470	\$ 116,533	\$ 116,533	\$ -
Total Receipts	<u>113,470</u>	<u>116,533</u>	<u>\$ 116,533</u>	<u>\$ -</u>
Expenditures				
Social Security/Medicare	15,609	15,676	15,672	4
KPERS	18,043	16,626	22,162	(5,536)
Kansas Unemployment	367	301	205	96
Health Insurance/Life	53,961	55,926	76,117	(20,191)
Workmen's Compensation	399	630	1,200	(570)
Delinquency Rate	<u>-</u>	<u>-</u>	<u>1,178</u>	<u>(1,178)</u>
Total Expenditures	<u>88,379</u>	<u>89,159</u>	<u>\$ 116,533</u>	<u>(27,374)</u>
Receipts Over (Under) Expenditures	25,091	27,374		<u>\$ 27,374</u>
Unencumbered Cash, January 1	<u>140,286</u>	<u>165,377</u>		
Unencumbered Cash, December 31	<u>\$ 165,377</u>	<u>\$ 192,751</u>		

GRANT COUNTY LIBRARY BOARD  
 Building Fund  
 Schedule of Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended December 31, 2017  
 (With Comparative Actual Amounts for the Prior Year Ended December 31, 2016)

	<u>Prior Year</u>	<u>Current Year</u>
Receipts		
Insurance Claims	\$ -	\$ -
Interest on Idle Funds Invested	<u>24</u>	<u>67</u>
Total Receipts	<u>24</u>	<u>67</u>
Expenditures		
Repairs/Maintenance	28,514	-
Capital Outlay	<u>-</u>	<u>12,806</u>
Total Expenditures	<u>28,514</u>	<u>12,806</u>
Receipts Over (Under) Expenditures	(28,490)	(12,739)
Unencumbered Cash, January 1	<u>75,013</u>	<u>46,523</u>
Unencumbered Cash, December 31	<u>\$ 46,523</u>	<u>\$ 33,784</u>

GRANT COUNTY LIBRARY BOARD  
 State Aid Fund  
 Schedule of Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended December 31, 2017  
 (With Comparative Actual Amounts for the Prior Year Ended December 31, 2016)

	<u>Prior Year</u>	<u>Current Year</u>
Receipts		
State Aid	\$ <u>2,453</u>	\$ <u>2,332</u>
Total Receipts	<u>2,453</u>	<u>2,332</u>
Expenditures		
Books/Periodicals	<u>2,453</u>	<u>2,332</u>
Total Expenditures	<u>2,453</u>	<u>2,332</u>
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, January 1	<u>-</u>	<u>-</u>
Unencumbered Cash, December 31	\$ <u>-</u>	\$ <u>-</u>

GRANT COUNTY LIBRARY BOARD  
 State, Federal and Other Grants Funds  
 Schedule of Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended December 31, 2017

	Monsanto <u>Grant</u>	<u>Totals</u>
Receipts		
Grant Income	\$ -	\$ -
	-	-
Total Receipts	-	-
Expenditures		
Grant Expenditures	336	336
	336	336
Total Expenditures	336	336
Receipts Over (Under) Expenditures	(336)	(336)
Unencumbered Cash, January 1	336	336
Prior Year Cancelled Encumbrances	-	-
Unencumbered Cash, December 31	\$ -	\$ -